

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
2.12
(ID # 3663)

MEETING DATE:

Tuesday, March 7, 2017

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2016-304 Riverside County
Human Resources, Countywide Ghost Employees, Follow-up Audit [District: All];
[\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2016-304: Riverside County Human Resources, Countywide Ghost Employees Follow-up Audit.

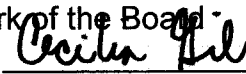
ACTION: Consent


Paul Angulo, Director of Auditor Controller 2/22/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Washington and Ashley
Nays: None
Absent: None
Date: March 7, 2017
xc: Auditor

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year	Next Fiscal Year	Total Cost	Ongoing Cost
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	2013

C.E.O. RECOMMENDATION: APPROVE

BACKGROUND:

Summary

We have completed a Follow-up Audit of Riverside County Human Resources. Our audit was limited to reviewing actions taken as of October 11, 2016, to correct findings noted in our original audit report 2011-008 dated January 15, 2013.

The original audit report contained three recommendations, all of which required corrective action and was reviewed as part of this audit. Based on the results of our audit, we found that of the three recommendations:

- Two recommendations were fully implemented
- One recommendation was not implemented

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2011-008 at <http://www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports>.

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENT A. Riverside County Auditor-Controller Internal Audit Report 2016-304
Riverside County Human Resources, Countywide Ghost Employees Follow-up Audit.


Stephanie P. Rossi 2/28/2017

Internal Audit Report 2016-304

**Riverside County Human Resources,
Countywide Ghost Employees,
Follow-up Audit**

Report Date: December 29, 2016



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
Riverside, CA 92509
(951) 955-3800**

www.auditorcontroller.org



COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802

ACC | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Frankie Ezzat, MPA
Assistant Auditor-Controller

December 29, 2016

Michael Stock
Assistant CEO/Human Resources Director
Riverside County Human Resources
4080 Lemon Street, 7th Floor
Riverside, CA 92501

Subject: Internal Audit Report 2016-304: Riverside County Human Resources, Countywide Ghost Employees Follow-Up Audit

Dear Mr. Stock:

We have completed the first follow-up audit of Riverside County Human Resources, Countywide Ghost Employees Follow-up. Our audit was limited to reviewing actions taken as of October 11, 2016, to correct the findings noted in our original audit report 2011-008 dated January 15, 2013.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require that we conduct the audit to provide sufficient, reliable, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our conclusion.

The original audit report contained three recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the three recommendations:

- Two of the recommendations were fully implemented.
- One of the recommendations was not implemented.

Details of the findings in the original audit and the status of the implementation of respective recommendations are provided in this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2011-008 at www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports.

We made various word changes to clarify the meaning of the acronyms used and updated the references to the Auditor-Controller's Standard Practice Manuals from how they were originally referenced.

Internal Audit Report 2016-304: Riverside County Human Resources, Countywide Ghost Employees, Follow-up Audit

We appreciate the cooperation and assistance provided by the staff of the Riverside County Human Resources during this follow-up audit. Their assistance contributed significantly to the successful completion of the audit.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Interim Chief Internal Auditor

cc: Board of Supervisors
Executive Office
Grand Jury

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Controls over Human Resources Management System (HRMS)

Finding 1: Delayed processing times for terminated employees

We selected 20 of the 158 employees confirmed by county departments as no longer employed within their areas to determine if they were still receiving pay. Of the 20, one employee had resigned from her department on 6/22/11. We looked into the HRMS system and based on our queries, payroll cycles were still running for five more pay periods after the date of resignation. These cycles did not generate pay, but according to Riverside County Auditor-Controller's Office Payroll Division, the system treated the employee as still part of county payroll since the system was not updated for termination until 8/10/11 (7 weeks after resignation). Update of the system is done by Riverside County Human Resource Department (Human Resource), but it does so at the request of the department that employs the individual. The departments must initiate the request to terminate an employee. According to Human Resource, this can take time and the reasons vary of why processing may be delayed.

The inability to process the termination of an employee in the HRMS system in a timely manner has the risk of someone being able to manipulate information that could possibly generate unearned pay. Auditor-Controller's Office Standard Practice Manual 1001, *Internal Control* (previously referred as SPM 104), states that county departments and agencies shall establish, document, and maintain an effective system of internal controls.

Recommendation 1

A request should be made to add a "manager self-service" function to HRMS where the managers at the department level could initiate the termination process within the system on top of the written request with a control to have Human Resource close out the process. This would grant the department the ability to terminate the employee in the system in a timely manner and have Human Resource do the HRMS close out procedures on the Human Resource side.

Current Status 1: Not Implemented

Finding 2: Incomplete Audit Trail in HRMS

Currently, there is no activated audit trail functionality to identify individuals who input changes into the HRMS payroll data fields. The audit feature for payroll related data maintained in HRMS Job Data panels was available in previous versions of HRMS, but was inadvertently disabled when Enterprise Solutions submitted an upgraded version of the HRMS application. Human Resources' was not aware that the HRMS Job Data audit trail functionality had been removed until September 2012. Upon notification of the audit trail functionality removal, Human Resources immediately requested Enterprise Solutions to incorporate the audit trail functionality for the payroll data back into HRMS. The audit trail functionality is available and activated in HRMS to identify individuals who input changes into HRMS for personal and address changes.

Internal Audit Report 2016-304: Riverside County Human Resources, Countywide Ghost Employees, Follow-up Audit

The lack of audit trail functionality within a personnel system weakens the controls that can assist in tracking questionable and/or unauthorized changes to employees' files. Leading business practices ensure that internal controls are established to promote the safeguarding of assets, accuracy and reliability of information and provide the ability to audit the communication path.

Recommendation 2

Human Resource should request Riverside County Information Technology to make the audit feature available for payroll related data in HRMS.

Current Status 2: Implemented

Human Resource management contacted Riverside County Information Technology which was referred to Enterprise Solutions in the original report to enable this audit functionality, effective November 26, 2012. We confirmed with Riverside County Auditor-Controller's Office, Payroll Division that this functionality is currently activated.

Finding 3: Inaccurate tracking of Temporary Assistance Program (TAP) Employee Assignments

TAP employees assignments are inaccurately being tracked. Ten of the 31 rehired employees that we attempted to physically verify could not be located at the address provided by the Human Resource. Further inquiries revealed that the employees were on an assignment that had ended or were assigned to new departments. This information was not updated within the HRMS for it to reveal the employee's current assignments or actual addresses where they were located, therefore making the information unreliable. One cause is that addresses are populated in HRMS automatically when a position control number is entered. The addresses are generic addresses pertaining to all TAP employees. HRMS does have other screens where addresses can be entered specifically to where the employees are assigned, but it is currently not being used by Human Resource TAP personnel. Leading business practices of internal controls ensure the accuracy, reliability and timeliness of records and information.

Recommendation 3

Actual work address of where TAP employees are being assigned should be entered in the respective HRMS screen.

Current Status 3: Implemented

This recommendation was implemented at the close of the original audit.